

REPORT OF THE FINANCE SUBCOMMITTEE ON PENSION

June 29, 2011

The Honorable,
The Board of Commissioners of Cook County

ATTENDANCE

Present: President Preckwinkle, Chairman Gainer, Commissioners Murphy, Schneider, Suffredin and Tobolski (5)

Absent: Vice Chairman Goslin and Commissioner Steele (2)

Also Present: Commissioner Garcia, Jim D'Amico – Director, Facilities Management

Ladies and Gentlemen:

Your Finance Subcommittee on Pension of the Board of Commissioners of Cook County met pursuant to notice on Wednesday, June 29, 2011 at the hour of 10:00 A.M. in the Board Room, Room 569, County Building, 118 North Clark Street, Chicago, Illinois.

Chairman Gainer called the meeting to order and delivered opening remarks.

President Preckwinkle delivered remarks.

Chairman Gainer called on the following individuals to make presentations to the Commissioners:

Representative Kevin McCarthy – Illinois General Assembly

Ty Fahner – President, Commercial Club (see attachment)

Sandor Goldstein – Consulting Actuary, Cook County Pension Fund

Amar Parikh – Vice President, Ariel Investments (see attachment)

Chris Reagan – Managing Director and Investment Advisor, Mesirow Financial

Jack Fitzgerald – President, Cook County Pension Fund

Laurence Msall – President, Civic Federation

Henry Bayer – AFSCME Council 31

Chairman Gainer interspersed the above presentations with her own presentation. (Chairman Gainer's presentation has been distributed to all Commissioners electronically.)

Your Committee has considered the following items and, upon adoption of this report, the recommendations are as follows:

FINANCE SUBCOMMITTEE ON PENSION REPORT

JUNE 29, 2011

PAGE 2

313151

RESOLUTION TO DISCUSS THE POSSIBLE IMPLICATIONS OF PENSION REFORM LEGISLATION THAT MAY BE DISCUSSED BY THE ILLINOIS GENERAL ASSEMBLY (PROPOSED RESOLUTION). Submitting a Proposed Resolution sponsored by Bridget Gainer, County Commissioner.

PROPOSED RESOLUTION

**TO DISCUSS THE POSSIBLE IMPLICATIONS OF PENSION REFORM
LEGISLATION THAT MAY BE DISCUSSED BY THE
ILLINOIS GENERAL ASSEMBLY**

WHEREAS, it is the request of the Cook County Finance Subcommittee on Pension to call a meeting to discuss the possible implications of pension reform legislation that may be discussed by the General Assembly this Fall; and

WHEREAS, it is the request of the Cook County Finance Subcommittee on Pension to call a committee meeting to hear from Cook County Employees regarding the possible changes to the Cook County and Forest Preserve Pension Funds that may be discussed by the General Assembly this Fall; and

WHEREAS, the Cook County Pension Fund has seen an overall fall in its funded status over the past 10 years from 88.8% to its most recent valuation of 60.7% in 2010; and

WHEREAS, during the January 19, 2011 committee meeting, the Pension Fund's actuary preformed 30-year funding projections for the Cook County Employees' Annuity and Benefit fund which took into account projected benefits, payments, contributions, assets and actuarial liabilities in order to attain the possible options that would increase the funded ratio to 80% at the end of 30 years; and

WHEREAS, the response from the actuary included multiple options to increase the funded ratio for the Cook County Employees' Annuity and Benefit fund.

NOW, THEREFORE, BE IT RESOLVED, the Cook County Finance Subcommittee on Pension shall hold meetings for the purpose of discussing the possible changes to the Cook County and Forest Preserve Pension Funds; and

BE IT FURTHER RESOLVED, the Cook County Finance Subcommittee on Pension shall hold meetings for the purpose of discussing the possible options to increase the funded status of the Cook County and Forest Preserve Pension Funds.

***Referred to the Finance Subcommittee on Pension on 6/14/2011.**

Commissioner Suffredin, seconded by Commissioner Murphy, moved to Defer Communication No. 313151. The motion carried.

313153

RESOLUTION HONORING THE COOK COUNTY DEPARTMENT OF FACILITIES MANAGEMENT FOR THE 2011 NACO ACHIEVEMENT AWARD FOR PERSONNEL MANAGEMENT, EMPLOYEE TRAINING AND EMPLOYEE BENEFITS (PROPOSED RESOLUTION). Submitting a Proposed Resolution sponsored by Bridget Gainer, County Commissioner; Co-sponsored by Toni Preckwinkle, President, Jerry Butler, Earlean Collins, John P. Daley, John A. Fritchey, Jesus G. Garcia, Elizabeth "Liz" Doody Gorman, Gregg Goslin, Joan Patricia Murphy, Edwin Reyes, Timothy O. Schneider, Peter N. Silvestri, Larry Suffredin and Jeffrey R. Tobolski, County Commissioners.

PROPOSED RESOLUTION

HONORING THE COOK COUNTY DEPARTMENT OF FACILITIES MANAGEMENT FOR THE 2011 NACO ACHIEVEMENT AWARD FOR PERSONNEL MANAGEMENT, EMPLOYEE TRAINING AND EMPLOYEE BENEFITS ALTERNATIVE WORK PROGRAM-FACILITIES MANAGEMENT

WHEREAS, In January of 2009, The Cook County Department of Facilities Management identified that the County had multiple employees off of work due to injury or illness. Facilities Management recognized that many non-administrative employees (Skilled Trades and Engineers) who were currently collecting disability benefits could return to work in administrative functions. Over the past two years, Facilities Management has had eleven (11) employees participate in the newly created Alternative Work Program; and

WHEREAS, Cook County has endured multiple budget cuts over the past four years and many administrative positions have been eliminated. With an expanding workload and fewer staff, AWP participants have performed many clerical functions including: answering phones, entering work orders into the work order system, filing, and other miscellaneous office duties. Upon completion of the AWP, participants gain a better understanding and awareness of clerical, administration, and management challenges and expectations; and

WHEREAS, as with many Counties in the United States, Cook County's pension system is minimally underfunded. All employees that become disabled while they are still employed are paid partially through the pension system. Enrolling employees into the AWP and getting these employees back to work has saved money within the system; and

WHEREAS, the Department of Facilities Management is very accustomed to the fact that employees will get hurt while on the job. There is always a higher risk of injury within the service occupations. In fact, according to OSHA statistics service workers account for 53.4 % of all injuries in the public sector. Employees spend months, if not years, on disability. One of the reasons employees were off for such a long period of time due to the fact that the administration did not actively pursue bringing these employees back to work; and

FINANCE SUBCOMMITTEE ON PENSION REPORT

JUNE 29, 2011

PAGE 4

WHEREAS, Cook County has been under budget constraints for the past seven years and has had to continually lay off administrative staff in order to fulfill their budget obligations. The administrators within Facilities Management needed help with simple tasks that could not be completed due to expanding workload and fewer staff. The administration was left with only a couple feasible options: 1) Hire more staff. 2) Better utilize the workforce that was already in place. Due to the current budget constraints, all innovative ideas were considered; and

WHEREAS, as with many Counties in the United States, Cook County's pension system is minimally underfunded. All employees that become injured while they are employed with Cook County are paid partially through the pension system. When an employee files for ordinary disability benefits (non-work related injury) the employee is paid 50% of their salary for the duration of their time off. The entire disability payment is made from the pension system. In cases where an employee files for duty disability benefits (work related injury) the employee is paid 8 1/3% of their salary from the pension fund and 66 2/3% from Workers' Compensation; and

WHEREAS, the overall objective of the program is to bring service employees (Skilled Trades, Engineers, etc.) who are on disability back to work in a clerical function as effectively as possible. Each employee is taken on a case by case basis. An example would be that Employee A has a torn ACL and hypothetically won't be able to return to work in six months while Employee B has a broken foot and could return in six weeks.

WHEREAS, the overall methodology is that an employee who is recovering from an injury would be more likely to return to their original function (Skilled Trades, Engineer, etc.) more expeditiously if they were already back to work in a clerical function than if the same employee was recovering from their injury at home; and

WHEREAS, the Department of Facilities Management has partnered with the Department of Risk Management to begin requesting physician documentation regarding work restrictions that an employee would have if they were approved to come back to work in an administrative function (also known as light duty). This is a crucial first step, because physicians have become increasingly more cautious on work restrictions because they don't want a lawsuit filed against them by either the employee or the employer; and

WHEREAS, once a physician has submitted work restrictions and has authorized that an employee can work in an administrative function, Facilities Management assigns the employee to an administrative function within the Work Order Division. The Work Order Division is responsible for opening and closing of work requests, disseminating work requests, and filing daily time logs for the department. The WOD processes an average on 150,000 work requests each year through a computerized work order system; and

WHEREAS, after the employee begins working as a member of the work order staff, he/she will receive proper training on: basic computer skills, work order processing, basic clerical skills, answering and transferring of the phone, and filing. This can be an overwhelming for an employee that has never spent time in an office environment before, but over time the AWP participants adapt; and

FINANCE SUBCOMMITTEE ON PENSION REPORT

JUNE 29, 2011

PAGE 5

WHEREAS, once an employee is enrolled in the AWP, the only way to get removed is to either: return to full duty, physician release back to disability, or resignation. Of the eleven employees that have been assigned to the program: seven have returned back to their original position, three have resigned, and one is still enrolled; and

WHEREAS, one of the best parts of the AWP is the fact that Facilities Management has not incurred any additional costs for implementation. The major costs for implementing this type of program would be: supervision of participants, desktop computers, and work order entry software; and

WHEREAS, all members that participate are supervised by the current data entry supervisor. The supervisor already supervises nine (9) employees and adding additional employees has proven to not be an additional burden. Facilities Management had additional computers that were in storage due to their age. AWP employees did not require top of the line systems, so they were issued refurbished computers that were approximately four years old. The last major expense was the work order system which is already in place within Facilities Management; and

WHEREAS, the overall goal of the Alternative Work Program is to get employees back to work full time so they can complete their function that they were hired to do. The average time spent by AWP participants in the program is 6 months while non-participants spend over a year to return to work. There have been many other successes along the way that have added to the programs overall success including: financial savings, better understanding of administrative functions, and innovative administrative ideas; and

WHEREAS, financial savings was the easiest and most obvious result. The eleven individuals that have gone through the program would have accumulated over \$500,000 in wages while not working. This savings is broken down into \$90,000 savings for the pension fund and \$410,000 savings for workers compensation; and

WHEREAS, due to increased facility oversight, the amount of paperwork that is required throughout the department has grown exponentially over the past few years. With the help of AWP participants, Facilities Management has been able to organize and process their needed paperwork much more effectively. “I found out that there is a never-ending process of paperwork that I never knew existed” said AWP participant Andrew Ryndak, “Once I got back on regular duty, I learned how to manage and get my paperwork done a lot faster and easier”; and

WHEREAS, when it comes to innovative ideas, there is always an added benefit when a newcomer is trained in performing administrative functions. One of the AWP participants single-handedly changed the filing system for daily tracking logs that are used by tradesmen. This individual saw that the filing was grossly inefficient and since his departure six months ago, the filing system has stayed intact and is still the model for filing such paperwork. Another AWP participant developed a “Key Phrase” document that identifies work processes commonly used by tradesmen. This document will be disseminated to bring continuity to our work requests.

FINANCE SUBCOMMITTEE ON PENSION REPORT

JUNE 29, 2011

PAGE 6

NOW, THEREFORE, BE IT RESOLVED, the Cook County Department of Facilities Management has taken a proactive approach to bringing men and women back to work that would otherwise have been sitting at home while they were recovering from their injuries. Facilities Management has worked to create a positive experience for both the AWP participant and the administration. Counties across the United States are looking for ways to fully utilize their personnel and to give such personnel proper training and departmental understanding while also saving money. The Cook County Department of Facilities Management has been able to achieve this goal and has developed a usable model for other Counties and would humbly accept a NACo Achievement Award for the Alternative Work Program; and

BE IT FURTHER RESOLVED, the Cook County Finance Subcommittee on Pension should convene to discuss how to implement this proactive approach Countywide.

***Referred to the Finance Subcommittee on Pension on 6/14/2011.**

Chairman Gainer asked the Secretary to the Board to call upon the registered public speaker, in accordance with Cook County Code, Sec. 2-107(dd):

1. George Blakemore – Concerned Citizen

Commissioner Suffredin, seconded by Commissioner Murphy, moved to Receive and File Communication No. 313153. The motion carried.

Commissioner Suffredin moved to adjourn the meeting, seconded by Commissioner Murphy. The motion carried and the meeting was adjourned.

**YOUR COMMITTEE RECOMMENDS THE FOLLOWING ACTION
WITH REGARD TO THE MATTER NAMED HEREIN:**

Communication Number 313151
Communication Number 313153

Defer
Receive and File

Respectfully submitted,
Committee on Pension

Bridget Gainer, Chairman

Attest:

Matthew B. DeLeon, Secretary

*An audio recording of this meeting is available in the Office of the Secretary to the Board, 118 North Clark Street, Room 567, Chicago, IL 60602.